IV-D MEMORANDUM 2015-009

TO: All Friend of the Court (FOC) Staff
              All Office of Child Support (OCS) Staff

FROM: Erin P. Frisch, Director
              Office of Child Support

DATE: March 26, 2015

UPDATE(S):

☐ Manual

☐ Form(s)

SUBJECT: Enforcement Activities and Automated Case Closure

RESPONSE DUE: None

POLICY EFFECTIVE DATE: Upon receipt

PURPOSE:

During the implementation of automated case closure,[1] OCS and the Michigan Child Support Enforcement System (MiCSES) team identified impacts to certain enforcement activities. This IV-D Memorandum discusses these enforcement activities that may require a IV-D worker to manually take action either before or after MiCSES automatically closes a case.

There are mandatory actions the IV-D worker must complete and discretionary actions the IV-D worker may complete before full MiCSES case closure[2] or before and after IV-D-only closure.[3] This IV-D Memorandum will describe those actions. This IV-D Memorandum also will inform workers which enforcement remedies discussed in this memorandum are IV-D-only enforcement activities and cannot be used to enforce non-IV-D cases.

The following enforcement remedies discussed in this IV-D Memorandum require manual action and/or allow for discretionary action by the IV-D worker:

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[1] OCS implemented a redesigned automated case closure process in MiCSES on March 6, 2015 with the 8.11 release. Ref: Section 3.50, "Case Closure," of the *Michigan IV-D Child Support Manual* for more information on the redesigned process.
[2] "Full MiCSES case closure" refers to terminating both IV-D and non-IV-D services.
[3] "IV-D-only closure" refers to terminating IV-D services.

- Credit reporting;[4]
- *National Medical Support Notice* (NMSN);[5]
- Financial Institution Data Match (FIDM);[6] and
- Insurance Claims Data Match (ICDM).[7]

DISCUSSION:

When certain enforcement activities are initiated either automatically by MiCSES or manually by the IV-D worker, other entities (e.g., an employer, a financial institution, etc.) are contacted and involved in the activity. Before and after a case closes, the IV-D agency must inform the entity that the enforcement activity is no longer required.[8] For some enforcement activities, MiCSES automatically handles the communication to the entity; however, other enforcement activities require the IV-D worker to take manual action. All enforcement activities that may need manual action are discussed in this memorandum.

When MiCSES selects a case for closure in the automated case closure process, it may close the case immediately, or it may initiate a 60-day waiting period before case closure. A case will close immediately when there are no outstanding conditions that prevent closure.[9] During the 60-day waiting period before full MiCSES case closure or IV-D-only closure, IV-D workers have the opportunity to address any active enforcement activities. During this time, IV-D workers may take action to remove the condition that qualifies the case for closure (e.g., locate activities). IV-D workers can review the *IV-D Case Closure Report* (CC-001) to identify IV-D cases that have generated a 60-day closure notice and are heading toward full MiCSES case closure or only IV-D case closure.[10]

After a IV-D case closes and becomes a non-IV-D case, there are discretionary actions the FOC worker may also choose to complete. The FOC may have an obligation to enforce orders in cases regarding custody, parenting time, health care coverage, or support, regardless of the case's IV-D status.[11] However, the FOC must not use IV-D-

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[4] Ref*: MiCSES Customer Information Guide: Credit Reporting* and State Court Administrative Office (SCAO) Administrative Memorandum (ADM) 2009-04, *Providing Information to Credit Reporting Agencies* for more information on credit reporting.

[5] Ref: Section 6.06, "Medical Support," of the *Michigan IV-D Child Support Manual* for more information about NMSNs.

[6] Ref: Section 6.27, "Liens – FIDM/MSFIDM," of the *Michigan IV-D Child Support Manual* for more information on FIDM liens.

[7] Ref: Section 6.30, "Liens – Insurance," of the *Michigan IV-D Child Support Manual* for more information on insurance liens.

[8] The IV-D agency must inform the entity either before full MiCSES case closure or before and after IV-D-only case closure.

[9] Ref: Section 3.50 of the *Michigan IV-D Child Support Manual* for information on the reasons case closure is delayed.

[10] Ref: Section 3.50 of the *Michigan IV-D Child Support Manual* for more information on case closure reports.

[11] Ref: Michigan Compiled Law (MCL) 552.509.

only enforcement remedies to enforce non-IV-D child support orders.[12] IV-D-only enforcement remedies must only be used to enforce IV-D cases. FOC workers can review the *Open IV-D Case Closed (Type L) Report* (CC-002) to identify IV-D cases that have closed and have become non-IV-D cases.[13]

The enforcement activities described below identify whether the activity is to be used only for IV-D cases or if the activity can be used for non-IV-D cases. In addition, each enforcement activity below provides any mandatory actions required by the IV-D worker and discretionary actions that a IV-D worker may choose to complete.

A. Credit Reporting

Michigan law requires FOCs to report to a credit reporting agency (CRA) any non-custodial parents (NCPs) whose support arrearage exceeds two months.[14] Credit reporting is not a IV-D-only enforcement remedy and may be used in both IV-D and non-IV-D cases.[15] For cases with open *Credit Reporting* (CRAR) activity chains, IV-D workers do not have to perform any actions before or after case closure. However, FOC workers have the option to initiate credit reporting in non-IV-D cases that meet the eligibility requirements.

When the case closure process closes only the IV-D case, FOC workers do not need to take any action to continue credit reporting if the NCP was being reported to the CRAs prior to the case changing to a non-IV-D case. MiCSES will continue to report the NCP to the CRAs if the support arrears are not paid in full. When the arrears are fully paid, the chain will close automatically, and MiCSES will stop reporting the NCP to the CRAs. The non-IV-D case will remain open as long as the credit reporting chain remains open.

If MiCSES was not reporting the NCP to the CRAs prior to the case closing and becoming a non-IV-D case, FOC workers may initiate credit reporting in the non-IV-D case if the NCP becomes eligible for credit reporting. If an FOC worker chooses to initiate credit reporting on the non-IV-D case, (s)he must initiate it manually.[16] MiCSES will not automatically initiate credit reporting if the case is a non-IV-D case.

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[12] When enforcing non-IV-D cases, FOC workers should be aware of the need to track their time spent on non-IV-D work. Ref: IV-D Memorandum 2012-012, *Time Documentation,* for more information on tracking time.

[13] Ref: Section 3.50 of the *Michigan IV-D Child Support Manual* for more information on case closure reports.

[14] Ref: MCL 552.512.

[15] Ref: *federal Office of Child Support Enforcement (OCSE) Dear Colleague Letter (DCL)-90-14, Credit Reporting Agencies.*

[16] Ref: *MiCSES Customer Information Guide: Credit Reporting* for more information on how MiCSES selects cases for credit reporting. Also refer to SCAO ADM 2009-04 for information on initiating credit reporting manually.

B. *National Medical Support Notice* (NMSN)

FOC workers use the NMSN to enforce orders for NCPs and custodial parents (CPs) to provide medical insurance coverage for their dependents.[17] The NMSN is a IV-D-only enforcement remedy.[18] After the 60-day waiting period, when the full MiCSES case is closed or when only the IV-D case is closed, MiCSES will automatically close any open NMSN activity chains associated with the case.

Federal regulations require the IV-D agency to notify the employer when the NMSN is no longer in effect.[19] During the 60-day waiting period, before full MiCSES case closure and IV-D-only closure, FOC workers must manually notify the employer that no further action is necessary to enforce the medical insurance coverage, since MiCSES does not automatically notify the employer in this situation. In addition, MiCSES does not prevent the NMSN activity chain from being initiated on a non-IV-D case.[20] If MiCSES automatically sends a NMSN on a non-IV-D case, FOC workers must notify the employer that the NMSN is no longer in effect.

To inform the employer that the NMSN is no longer in effect, the FOC worker must manually generate and send the *Notice of Rescission/Termination of Health Care Coverage* (FEN308). The FOC worker can activate the *Insurance Order Termination Letter* (IOTL) activity chain or use the *Enforcement Forms Matrix* (ENFM) screen to generate the FEN308. The FOC worker must input the reason for terminating the NMSN (using the *Other* data field) when manually generating the FEN308.

Note: When the IOTL activity chain automatically generates the FEN308 for non-IV-D cases, MiCSES does not insert the correct reason for terminating the NMSN.

C. Financial Institution Data Match (FIDM)

OCS Central Operations is responsible for data matches, sending liens, providing due process to obligors, and levying financial assets for child support cases.[21] FIDM and Multi-State Financial Institution Data Match (MSFIDM) are IV-D-only enforcement remedies. FOC workers must not initiate FIDM or MSFIDM liens in non-IV-D cases.[22]

When a financial asset is matched and loaded onto the *Financial Assets* (ASFN) screen, MiCSES automatically starts an *Administrative Levy* (ADLV) activity chain

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[17] Ref: Section 6.06 of the *Michigan IV-D Child Support Manual* for more information on the NMSN.
[18] Ref: 42 United States Code (USC) 666(a)(19).
[19] 45 Code of Federal Regulations (CFR) 303.32
[20] Ticket INC466038 has been entered to restrict the NMSN to only IV-D cases.
[21] Ref: Section 6.27 of the *Michigan IV-D Child Support Manual* for more information regarding FIDM liens.
[22] Ref: MCL 552.625b.

for IV-D cases where a match was found. FIDM workers[23] use the ADLV chain to generate, send and process FIDM liens on eligible cases.

The automated case closure process will ignore ADLV chains and leave them open but close the case. Liens might have been perfected on some of these cases, and therefore, IV-D workers may need to take action to either delay IV-D case closure or release the lien. IV-D workers must not continue to pursue the lien after the IV-D case is closed and the case becomes a non-IV-D case.

FOC workers are encouraged to review the CC-001 and CC-002 reports to determine if any of the cases with open ADLV chains should remain open. For example, if a case is set to close because the NCP has been not located for three or more years, the FOC worker could keep the case open by adding the address provided in the FIDM match to the *Member Address History* (AHIS) screen as a verified/good address. Then the case would no longer qualify for closure based on the NCP's locate status.[24]

Note: FIDM and ICDM staff[25] cannot update addresses on the AHIS screen.

When the FOC worker follows up on a case with a FIDM match, (s)he may remove the case from pending case closure and request that OCS Central Operations place a lien on the case. OCS Central Operations FIDM workers will continue to follow the established case evaluation procedures when determining whether or not to place a lien on the case.[26]

The CC-001 report and the CC-002 report[27] contain a FIDM column that identifies cases that have an open ADLV chain and cases for which a *Financial Institution Notice of Lien and Levy and Disclosure* (FEN321) has been sent. The FIDM column will contain the identifiers listed below to assist FIDM workers in their manual review of cases:

- "Yes" when a case has an ADLV chain that started within the last 90 days; or
- "Lien"[28] when:

    o A FEN321 has been issued;
    o The ADLV chain remains open; and
    o A *Notice to Release Lien* (FEN327) has not been generated.

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[23] In this memorandum, "FIDM workers" refers to the OCS Central Operations FIDM staff.
[24] Ref: Locate documentation on mi-support for more information on locating individuals.
[25] In this memorandum, "ICDM staff" and "ICDM worker" refer to the OCS Central Operations staff responsible for processing an insurance claim lien.
[26] Ref: Section 6.27 of the Michigan IV-D Child Support Manual.
[27] Ref: Section 3.50 of the *Michigan IV-D Child Support Manual* for more information regarding these case closure reports.
[28] "Lien" is always highlighted in yellow on the reports.

FIDM workers must review the CC-001 and CC-002 reports **weekly** and must take the following action on cases for which the FIDM column has a "Lien" notation in the FIDM column of the reports:

1. Cases Set for Full MiCSES Case Closure

   For cases identified on the CC-001 report as set for full MiCSES case closure and having had a FEN321 generated, FIDM workers must send a FEN327 to the financial institution. Cases set for full MiCSES case closure should not have any arrearages, and therefore, should not have lien and levy activity remaining on the case.

2. Cases Set for IV-D Case Closure

   For cases identified on the CC-002 report as IV-D cases that have closed and for which a FEN321 has been issued, the FIDM worker must promptly work the case while it is still an open IV-D case. If the FIDM worker cannot complete the required actions before the IV-D case closes and becomes a non-IV-D case, (s)he must use the case closure pause function[29] and contact the FOC FIDM worker[30] to tell him/her that the case closure timeframe has been extended.

   However, if there are further actions to be completed on the case that will not be resolved before the case becomes a non-IV-D case (after the 30-day pause extension), the FIDM worker must contact the FOC FIDM worker to verify that (s)he is not taking action to keep the case open. If the FOC FIDM worker is not acting to keep the case open, the FIDM worker must release the lien by sending the FEN327 to the financial institution.

   FIDM workers must not work non-IV-D cases, except when MiCSES issued a lien while the case was still a IV-D case and the **only** action left is to receive the funds from the financial institution. When the Michigan State Disbursement Unit (MiSDU) receives the funds, they will be allocated to the case per the normal FIDM allocation procedures.[31]

D. Insurance Claims Data Match (ICDM)

OCS Central Operations is responsible for data matches, sending liens, providing due process to obligors, and levying insurance claims for child support cases. ICDM is a IV-D-only enforcement remedy. IV-D workers must not initiate ICDM liens in non-IV-D cases.[32]

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[29] Ref: Section 3.50 of the *Michigan IV-D Child Support Manual* for more information about pausing case closure.
[30] Contact information for the FOC FIDM worker is on mi-support under Partner Contact Information.
[31] Ref: Section 6.27 of the *Michigan IV-D Child Support Manual*.
[32] Ref: MCL 552.625c.

At this time, MiCSES activity chains do not track ICDM[33] lien activity. Because of this, the CC-001 and CC-002 reports will not identify cases set for closure with ICDM lien activity.

ICDM workers must determine the proper course of action when regularly following up on cases for which they have sent liens to an insurance carrier. If a case is set to close because the NCP has not been located for three or more years, the ICDM worker, assisted by the FOC ICDM worker, could attempt to verify the address provided by the Child Support Lien Network (CSLN).[34] If the workers discover a more recent address, the FOC ICDM worker will add it to the AHIS screen as a verified/good address. Then the case would no longer qualify for closure based on the NCP's locate status.

If payment is imminent[35] on a IV-D case that is about to close and become a non-IV-D case, the ICDM worker must use the case closure pause function so the money will be received while the case is still a IV-D case.[36]

When following up on a case that has become a non-IV-D case on which payment is imminent, MiSDU staff and the ICDM workers should process the payment per the normal ICDM allocation procedures.[37]

When the payment on the ICDM lien is not imminent, and the case has already closed or is about to close, the ICDM worker must contact the FOC ICDM worker to verify that (s)he is not taking action to keep the case open. If the FOC ICDM worker is not acting to keep the case open, the ICDM worker must send the *Notice to Release Lien* (FEN346) to the insurance carrier. However, if the case has already closed, the ICDM worker may contact the FOC caseworker so (s)he may determine whether or not to contact the CP[38] and let him/her know that there is a potential for collection on the case. The CP must decide if (s)he wants to complete a new application for IV-D services in order to reopen the IV-D case and continue to pursue the lien.[39]

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[33] Section 6.30 of the *Michigan IV-D Child Support Manual* states that the ADLV chain is opened for insurance liens. This statement is no longer accurate and will be revised in a future policy update.
[34] Ref: Section 6.30 of the *Michigan IV-D Child Support Manual* for more information about CSLN.
[35] A payment is imminent if it will be received within 60 days.
[36] It is preferable to receive payments while the case is still a IV-D case because this ensures that payment is applied to IV-D debt.
[37] Ref: Section 6.30 of the *Michigan IV-D Child Support Manual*.
[38] The CP must reapply for IV-D services for the case to be reopened as a IV-D case. If a IV-D case is closed, ICDM staff must not complete any further action on the non-IV-D case.
[39] Ref: Section 2.05, "Referrals and Applications," of the *Michigan IV-D Child Support Manual* for more information about applying for IV-D services.

NECESSARY ACTION:

Retain this IV-D Memorandum until further notice.

REVIEW PARTICIPANTS:

> Program Leadership Group
> Enforcement Work Improvement Team
> Case Management Work Improvement Team

CONTACT PERSONS:

> **Case Closure**
> Joe Hyaduck
> OCS Policy Analyst
> (517) 241-5036
> HyaduckJ@michigan.gov
>
> **Credit Reporting and NMSN**
> Vanessa P. Washington
> OCS Policy Analyst
> (517) 241-8328
> WashingtonV@michigan.gov
>
> **FIDM**
> Amy Rebideaux
> OCS Policy Analyst
> (517) 373-8541
> RebideauxA@michigan.gov

CC:

> All Prosecuting Attorney Staff
> MiCSES Help Desk

SUPPORTING REFERENCES:

> Federal
> 42 USC 666(a)(19)
> 45 CFR 303.32
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> OCSE DCL-90-14
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> State
> MCL 552.509
> MCL 552.512

MCL 552.625b
MCL 552.625c

SCAO ADM 2009-04

ATTACHMENT(S):

None

EPF/VW